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FOUR MASSACHUSETTS RESIDENTS CHARGED WITH SCHEME TO SELL MORE THAN 30,000 COUNTERFEIT LUXURY GOODS

WASHINGTON, D.C.—Four Massachusetts residents were charged today in federal court with money laundering and trafficking and conspiring to traffic in more than \$1.4 million of counterfeit luxury handbags and wallets, as well as the materials needed to make these counterfeits.

Assistant Attorney General Alice S. Fisher; U.S. Attorney Michael J. Sullivan of the District of Massachusetts; Acting Special Agent-in-Charge Matthew J. Etre of U.S. Immigration and Customs Enforcement (ICE) in New England; and Special Agent-in-Charge Rebecca Sparkman of the U.S. Internal Revenue Service Criminal Investigation in New England, announced that Katherine Luong, age 26, of Chelsea; Camphung Luong, age 24, of Chelsea; Kim Luong, age 22, of Quincy; and Minh Vu, age 25, of Chelsea, have been charged in a ten-count indictment for conspiracy to traffic in counterfeit goods, conspiracy to commit money laundering, and a variety of counts alleging specific instances of trafficking in counterfeit goods and money laundering.

“Those who manufacture and sell counterfeit goods steal business from honest merchants, confuse or defraud honest consumers, and illegally profit on the backs of honest American workers and entrepreneurs,” said Assistant Attorney General Alice Fisher. “Today's action against one of New England's largest counterfeit goods operations reflects the Department of Justice's firm commitment to aggressively protect intellectual property, innovation, and honest hard work.”

The indictment charges that the Luong sisters and Vu, Katherine Luong's boyfriend, used thirteen self-storage units at a facility in Revere, Massachusetts as their counterfeiting operation's home base. When raided by law enforcement officers earlier this year, these storage units held approximately 12,231 counterfeit handbags; 7,651 counterfeit wallets; more than 17,000 generic handbags and wallets; and enough counterfeit labels and medallions to turn more than 50,000 generic handbags and wallets into counterfeits. These items copied Louis Vuitton, Kate Spade, Prada, Gucci, Fendi, Burberry, and Coach trademarks, but were of lower price and quality. Ten of the storage units were used for storage; two were configured to display items in the open, like showrooms; and one held a work-table and tools that could be used to turn the generic wallets and handbags into counterfeits.

The indictment charges that, all together, the counterfeit and generic handbags and wallets were worth approximately \$1.4 million at average counterfeit prices (typically \$35 for wallets and \$40 for handbags), and well over \$6 million had they been authentic. It is alleged that the storage units also contained numerous counterfeit handbags and wallets of other manufacturers, along with scarves, belts, umbrellas, sunglasses, duffle bags, hats, visors, garment bags, coats,

shoes, necklaces, bracelets, rings, and earrings bearing counterfeit marks owned by these and other victim companies.

“Intellectual property is one of the United States' most valued resources in the modern world,” said U.S. Attorney Sullivan. “My office will continue to take strong steps to prosecute those who abuse others' trademarks, copyrights, and trade secrets.”

The indictment further charges that the Luongs and Vu sold their counterfeit wallets and handbags on most weekend days and Monday holidays at a flea market in Revere, Massachusetts, and to smaller gatherings at approximately 230 “purse parties” throughout Massachusetts. These parties were thrown by hosts who invited friends and relatives to their homes to eat, drink, and buy counterfeit wallets and handbags.

Connected with these allegations are charges that the Luongs and Vu committed money laundering and conspiracy to commit money laundering by using money from the sale of counterfeit merchandise to promote their counterfeit goods scheme through the rental of the self-storage units in Revere and the purchase of more counterfeit and generic goods from suppliers in New York.

“The public needs to know that when they buy a counterfeit purse at a house party or on the street, their dollars are ultimately helping to finance large-scale counterfeiting organizations,” said Acting Special Agent-in-Charge Etre. “And every time they buy a knock-off purse, they are contributing to legitimate companies losing billions of dollars in revenue to counterfeiting every year.”

If convicted, the Luongs and Vu face a maximum sentence on the conspiracy to traffic in counterfeit goods charge of five years in prison and an unspecified fine; on the substantive counterfeit goods counts of 10 years imprisonment, to be followed by three years of supervised release, a \$2 million fine, and restitution; and on the Money Laundering Conspiracy charge as well as the substantive money-laundering counts of 20 years imprisonment, to be followed by three years of supervised release, a \$500,000 fine, and restitution. The indictment also seeks the forfeiture of five bank accounts, over \$41,000 in cash, two vehicles, two properties—one in Chelsea, Massachusetts and one in Houston, Texas—and the counterfeit merchandise.

The case is being investigated by Immigration and Customs Enforcement at the Department of Homeland Security and the Internal Revenue Service, building upon an investigation by Massachusetts State Police, the Boston Police Department, and the Suffolk County (Massachusetts) District Attorney's Office, which referred the matter for federal prosecution. The case is being prosecuted by Assistant U.S. Attorney Adam J. Bookbinder in the District of Massachusetts's Computer Hacking and Intellectual Property Unit, and by trial attorney Scott L. Garland of the Computer Crime and Intellectual Property Section of the Justice Department's Criminal Division.

The details in the indictment are allegations. The defendants are presumed to be innocent unless and until proven guilty beyond a reasonable doubt in a court of law.

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